

Message Text

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73

ACTION NEA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PM-03 H-01 L-02

NSC-05 PA-01 PRS-01 SS-15 USIA-06 STR-01 CEA-01 SAM-01

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R 241430Z JAN 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 1657

INFO AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

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E.O. 11652: N/A

TAGS: EINV EG

SUBJECT: INVESTMENTS IN EGYPT: GOE REPORTS
ON 1974 RESULTS

1. JAN 23 PRESS HEADLINED REPORT TO SADAT BY PRIMIN HEGAZY
ON RESULTS OF FIRST YEAR (1974) OF ECONOMIC OPEN DOOR POLICY:
522 INVESTMENT OFFERS EXCEEDING LE 1 BILLION IN VALUE. OF
THE TOTAL, 196 HAVE ALREADY BEEN APPROVED, 163 FOR INVESTMENTS
WITHIN EGYPT TOTALING LE 166 MILLION, AND 33 IN FREE ZONES
TOTALING LE 935 MILLION (OF WHICH LE 528 MILLION IS INTENDED
FOR PETROLEUM RELATED ACTIVITIES). OF REMAINING OFFERS,
ABOUT 100 WERE REFUSED; REMAINDER ARE STILL UNDER STUDY.

2. HEGAZY REPORT IS SAID TO STRESS THAT ABOVE RESULTS
REFLECT ATTRACTIVENESS OF EGYPTIAN INVESTMENT POSSIBILITIES
AND EFFECTIVENESS OF THE NEW POLICIES.

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3. COMMENT: AS WASHINGTON IS AWARE, ACTUAL

PACE OF FOREIGN INVESTMENTS HERE HAS BEEN SOMEWHAT DISAPPOINTING TO ALL PARTIES. DATA REPORTED BY HEGAZY REFERS TO PRELIMINARY PROPOSALS SUBMITTED BY BOTH FOREIGN AND DOMESTIC INVESTORS FOR PROJECTS THAT ARE IN THE EARLY STAGES OF THINKING RATHER THAN PLANNING. APPROVAL, THEREFORE, SETS STAGE FOR FIRST STAGES OF PLANNING, NOT INVESTING.

4. IT IS INTERESTING TO COMPARE AVERAGE SIZE OF POTENTIAL INVESTMENTS IN FREE ZONES (LE 28 MILLION) WITH THOSE WITHIN EGYPT (LE 1 MILLION). WHILE AVERAGES CAN BE MISLEADING, THEY TEND TO CONFIRM IMPRESSION HERE THAT AT LEAST ONE OF AIMS OF OPEN DOOR, I.E. BRINGING PRIVATE EGYPTIAN CAPITAL OUT OF HIDING AND PUTTING IT TO WORK, IS HAVING SOME SUCCESS. WE HAVE HEARD THAT FAIRLY LARGE NUMBER OF RELATIVELY SMALL INVESTMENTS UNDER THE NEW INVESTMENT LAW HAVE BEEN PROPOSED BY EGYPTIANS HOLDING MONEY BOTH HERE AND ABROAD. EILTS

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